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THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Council

23 March 1982

NOTE FOR: See Distribution

FROM :

[REDACTED]
Acting NIO/USSR-EE

SUBJECT : Warning Assessment: USSR-EE

1. Attached is the assessment prepared following the monthly Community warning meeting held on 18 March 1982. Comments would be most welcome. [REDACTED]

2. The next warning meeting will be held on Tuesday, 20 April, at 1400 hours in Room 7E62, CIA Headquarters. I solicit suggestions regarding any topics or contingencies you feel we may be overlooking, and request that such recommendations be forwarded to me by COB Tuesday, 6 April. [REDACTED]

Attachment:
DDI #2372-82

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

DDI #2372-82
23 March 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA : National Intelligence Officer for Warning

FROM : 25X1
Acting National Intelligence Officer for USSR-EE

SUBJECT : Monthly Warning Assessment: USSR-EE
(Meeting held on 18 March 1982) 25X1

1. Brezhnev Speech. It was generally agreed that Brezhnev's threat to place the U.S. in "an analogous position" if the U.S. proceeded with INF modernization in Europe implied the deployment of land-based systems to the Caribbean area. It was felt that Brezhnev's immediate purpose was strictly political, that the deployment was not imminent, but that the threat should be examined closely. In any such examination, the major areas for an investigation would be:

a. The status of the 1962 understandings, as perceived by both the U.S. and the USSR in light of developments in and since 1962.

b. The possible political and military purposes of a deployment.

c. Actions the Soviets would have to take preparatory to and during any deployments and the speed with which they could be executed.

d. Attitude of Castro and any other possible host governments.

Preliminary work along these lines is being undertaken in different agencies.

2. Effect of the Polish Crisis on the Other CEMA Countries. The Polish economic crisis has affected the other CEMA countries in three fundamental ways:

a. The non-delivery of some Polish goods.

b. Aid provided to Poland, primarily by the Soviet Union, and to a much lesser extent by other countries under Soviet prodding.

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c. Cut backs in Western credits because of fears created by Polish insolvency.

So far the USSR has borne the brunt of the economic costs. Although all CEMA countries have been affected, we cannot estimate the exact impact. Even though most East European countries tend to ascribe much of their own economic slowdowns to the Polish crisis, that crisis is not the root cause of East European economic woes. Rather, it has accelerated the development of some problems and has exacerbated others.

3. Hungary and IMF. Vote by member states on the application is expected next month and will probably be positive. Within USG, Treasury is the lead agency, albeit in close coordination with State. Hungary will probably become a member some time in May, but its projected IMF drawing rights (around \$450 million dollars) will not fulfill all of Hungary's hard currency needs for the coming year.

4. Political Maneuvering in the USSR. The personnel actions taken since the death of Suslov have favored Chernenko. None of the actions are sufficient to guarantee the succession to Chernenko. So far, there are no signs of either emergent political groupings or of any intensive policy debates.

5. East Germany. Despite the regime's nervousness about Poland before 13 December, there have been no signs of instability in East Germany before or since that date. The leadership's two biggest problems are the economy and the church-led peace movement, the latter being both a domestic and foreign policy issue. On the economic front, the country's generally good performance in the seventies encouraged the regime to make even more ambitious plans for 1981-85. Even though most targets were met in 1981, there are now signs of problems and Honecker has spoken of a deteriorating outlook and the need for austerity. The GDR is facing some financing problems and will have to scale back some of its economic plans. However, at least in the short term, there will not be any major economic problems, certainly nothing approaching the Polish or Romanian situations. In foreign policy the GDR is making an effort to improve relations with the FRG, probably both for economic reasons and to encourage, possibly at Soviet instigation, the West European peace movements. That same goal is probably the reason why the GDR has dealt gingerly with its own peace groups and is trying to coopt them rather than smash them. Outside of Europe, the GDR has continued the division of labor with the Cubans and Soviets in Africa but has not undertaken any new major moves in that continent. In other areas of the world, however, it is renewing its courting of the Arabs (for instance, allowing the PLO to open an embassy in East Berlin) and is starting to play a low-key but increasingly active role in Central America.

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